

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 28, 2009

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB360 by Kuempel (Relating to the crediting and charging of investment gains and losses on the assets held in trust by the Texas Municipal Retirement System and providing a guaranteed minimum credit to employee accounts.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Government Code regarding procedures and requirements followed by the Texas Municipal Retirement System, including, for periods after December 1, 2008, setting a minimum interest rate of 5 percent compounded annually to be credited to the employees saving fund in a calendar year. The bill would also impose requirements for priorities the board of trustees must follow in making allocations.

Local Government Impact

According to the Texas Municipal Retirement System (TMRS), by changing the method in which interest would be credited, passage of the bill would preclude the need for future reductions in member interest credits below 5 percent and prevent employer contribution requirements from increasing by an additional 40 percent to 50 percent. Provisions of the bill would better ensure the future actuarial soundness of the municipal retirement system.

Source Agencies:

LBB Staff: JOB, KJG, JRO, DB